

**ISLAMIC ARAB INSURANCE
CO. (SALAMA) PJSC AND ITS
SUBSIDIARIES**

**REVIEW REPORT AND INTERIM
CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)**

30 JUNE 2024

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the six-month period ended 30 June 2024

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Islamic Arab Insurance Co. (Salama) PSJC (the “Company”) and its subsidiaries (together referred to as the “Group”) which comprise the interim consolidated statement of financial position as at 30 June 2024 and the related interim consolidated statements of profit or loss and interim consolidated statement of comprehensive income for the six-month and three-month periods then ended and interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The Group’s total assets include investment properties with a carrying amount of AED 140,634 thousand (2023: AED 145,376 thousand), investments carried at AED 396,691 thousand (2023: AED 394,062 thousand) and other assets and receivables which are carried at AED 76,669 thousand (2023: AED 114,033 thousand).

The aforementioned assets include the following assets of which we were unable to complete our review procedures:

- Investment property with a carrying amount of AED 84,957 thousand (2023: AED 84,957 thousand) (note 7);
- Investment at fair value through other comprehensive income of AED 58,244 thousand (2023: AED 58,244 thousand) and investments held at amortised cost of AED 111,627 thousand (2023: AED 111,627 thousand) (note 9); and
- Other receivables with a carrying amount of AED 33,639 thousand (2023: AED 33,639 thousand) (note 17).

Due to the ongoing litigations between the Group and different parties, we were unable to ascertain the recoverability of the aforementioned assets, and could not determine if the judgements applied and estimates made in the determination of the ownership and fair value of these assets were appropriate.

This matter is described in note 18 to the interim condensed consolidated financial statements. Had we been able to complete our procedures with regard to the aforementioned assets, matters could have come to our attention indicating that adjustments might have been necessary to the interim condensed consolidated financial statements. The audit opinion on the consolidated financial statements for the year ended 31 December 2023 and the review conclusion on the interim condensed consolidated financial statements for the period ended 30 June 2023 were also qualified in respect to this matter.

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS TO THE SHAREHOLDERS OF ISLAMIC ARAB INSURANCE CO. (SALAMA)
PJSC (continued)**

Qualified Conclusion

Except for any adjustments to the interim condensed consolidated financial statements that we might have become aware of had it not been for the matters described above, based on our review, nothing has come to our attention that causes us to believe the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young



Ashraf Abu-Sharkh
Registration No. 690

14 August 2024

Dubai, United Arab Emirates

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 (unaudited)

		30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
	<i>Notes</i>		
ASSETS			
Property and equipment		46,231	47,382
Goodwill and intangibles		67,950	68,016
Investment properties	7	140,634	145,376
Right-of-use assets		3,366	4,595
Investment in associate	8	36,423	35,352
Statutory deposits		260,201	283,526
Investments	9	396,691	394,062
Participants' investments in unit-linked contracts	9	2,042,845	2,020,883
Deposits with takaful and retakaful companies		692	974
Takaful contract assets	19	8,656	6,801
Retakaful contract assets	19	463,553	348,462
Other assets and receivables	17	76,669	114,033
Bank balances and cash	16	157,176	144,179
TOTAL ASSETS		3,701,087	3,613,641
LIABILITIES			
Family takaful reserve		83,121	77,160
Takaful contract liabilities	19	2,708,410	2,543,428
Retakaful contract liabilities	19	134,149	162,050
Other payables and accruals		135,479	169,098
Lease liabilities		3,477	4,695
Total liabilities		3,064,636	2,956,431
EQUITY			
Share capital	11	939,589	939,589
Treasury shares	12	(35,972)	(35,972)
Statutory reserve	13	2,815	2,815
Other reserves	14	(175,925)	(154,533)
Accumulated losses		(155,560)	(163,924)
Equity attributable to owners of the Company		574,947	587,975
Non-controlling interest		61,504	69,235
Total equity		636,451	657,210
TOTAL LIABILITIES AND EQUITY		3,701,087	3,613,641

DocuSigned by:

Mr. Fahad Alqassim

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Fahad Abdulqader Alqassim
Chairman of the Board of Directors

Walter Jopp
Chief Executive Officer

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-month and three-month periods ended 30 June 2024 (unaudited)

	<i>Six-month period ended 30 June (unaudited)</i>		<i>Three-month period ended 30 June (unaudited)</i>	
	<i>2024 AED'000</i>	<i>2023 AED'000</i>	<i>2024 AED'000</i>	<i>2023 AED'000</i>
Underwriting income				
Takaful revenue	528,587	544,177	257,113	278,939
Takaful service expenses	(544,149)	(465,287)	(290,667)	(240,013)
Net income/(expenses) from retakaful contracts held	34,732	(46,023)	50,213	(27,925)
TAKAFUL SERVICE RESULT	19,170	32,867	16,659	11,001
Policyholders' investment income	97,430	128,570	22,755	78,051
Shareholders' investment income	24,916	47,014	12,331	28,862
INVESTMENT INCOME	122,346	175,584	35,086	106,913
Takaful finance expense for takaful contracts issued	(97,987)	(142,121)	(33,435)	(76,791)
Retakaful finance income/(expense) for retakaful contracts held	(601)	3,046	2,182	747
NET TAKAFUL FINANCE EXPENSE	(98,588)	(139,075)	(31,253)	(76,044)
NET TAKAFUL AND INVESTMENT RESULT	42,928	69,376	20,492	41,870
Other operating income	20,681	5,486	(1,043)	1,391
Other operating expenses	(33,198)	(53,640)	(14,882)	(33,898)
Provision for expected credit losses	(2,133)	-	(828)	-
PROFIT BEFORE TAX	28,278	21,222	3,739	9,363
Income tax for the period	(7,744)	(8,962)	(786)	(5,140)
PROFIT FOR THE PERIOD	20,534	12,260	2,953	4,223
Attributable to:				
Shareholders	10,801	(880)	685	(5,020)
Non-controlling interest	9,733	13,140	2,268	9,243
	20,534	12,260	2,953	4,223
Basic and diluted earnings per share (AED) (Note 15)	0.012	(0.001)	0.001	(0.005)

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month and three-month periods ended 30 June 2024 (unaudited)

	Six-month period ended 30 June (unaudited)		Three-month period ended 30 June (unaudited)	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Profit for the period	20,534	12,260	2,953	4,223
Other comprehensive (loss)/income				
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>				
Net changes in fair value of investments at fair value through other comprehensive income	(63)	(2,270)	87	(2,362)
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
Share of other comprehensive (loss)/income of associate	(108)	(316)	(108)	540
Foreign currency adjustments from translation of foreign operations	(40,062)	(17,025)	431	3,185
Total other comprehensive (loss)/income for the period	(40,233)	(19,611)	410	1,363
Total comprehensive (loss)/income for the period	(19,699)	(7,351)	3,363	5,586
Attributable to:				
Shareholders	(11,651)	(11,483)	868	(4,160)
Non-controlling interest	(8,048)	4,132	2,495	9,746
	(19,699)	(7,351)	3,363	5,586

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2024 (unaudited)

	Share capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign exchange translation reserve AED'000	Investment fair value reserve AED'000	Treasury shares AED'000	Accumulated losses AED'000	Regulatory reserve AED '000	Total AED'000	Non- controlling interest AED'000	Total equity AED'000
At 1 January 2024	939,589	2,815	34,118	(163,767)	(30,397)	(35,972)	(163,924)	5,513	587,975	69,235	657,210
Profit for the period	-	-	-	-	-	-	10,801	-	10,801	9,733	20,534
<i>Other comprehensive loss:</i>											
Foreign currency adjustments from translation of foreign operations	-	-	-	(22,281)	-	-	-	-	(22,281)	(17,781)	(40,062)
Investments carried at FVTOCI net change in fair value	-	-	-	-	(63)	-	-	-	(63)	-	(63)
Share of OCI of associate	-	-	-	-	(108)	-	-	-	(108)	-	(108)
Other comprehensive loss for the period	-	-	-	(22,281)	(171)	-	-	-	(22,452)	(17,781)	(40,233)
Total comprehensive loss for the period	-	-	-	(22,281)	(171)	-	10,801	-	(11,651)	(8,048)	(19,699)
<i>Other movement in equity:</i>											
Directors' Remuneration (note 10)	-	-	-	-	-	-	(1,377)	-	(1,377)	-	(1,377)
Increase in capital	-	-	-	-	-	-	-	-	-	317	317
Transfer to regulatory reserve (note 14)	-	-	-	-	-	-	(1,060)	1,060	-	-	-
At 30 June 2024 (unaudited)	939,589	2,815	34,118	(186,048)	(30,568)	(35,972)	(155,560)	6,573	574,947	61,504	636,451

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six-month period ended 30 June 2024 (unaudited) (continued)

	Share capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign currency translation reserve AED'000	Investment fair value reserve AED'000	Treasury shares AED'000	Regulatory reserve AED'000	Accumulated losses) AED'000	Total AED'000	Non- controlling interests AED'000	Total AED'000
At 1 January 2023	1,210,000	104,077	20,753	(157,047)	(27,154)	(35,972)	3,317	(371,911)	746,063	70,208	816,271
(Loss)/profit for the period	-	-	-	-	-	-	-	(880)	(880)	13,140	12,260
<i>Other comprehensive loss:</i>											
Changes in Other comprehensive income for the period	-	-	-	(8,017)	-	-	-	-	(8,017)	(9,008)	(17,025)
Other changes in equity	-	-	-	-	(2,270)	-	-	-	(2,270)	-	(2,270)
Share of OCI of associates	-	-	-	-	(316)	-	-	-	(856)	-	(856)
Other comprehensive loss for the period	-	-	-	(8,017)	(2,586)	-	-	-	(10,603)	(9,008)	(19,611)
Total comprehensive loss for the period	-	-	-	(8,017)	(2,586)	-	-	(880)	(11,483)	4,132	(7,351)
<i>Other movement in equity</i>											
Directors' remuneration (note 10)	-	-	-	-	-	-	-	(2,377)	(2,377)	-	(2,377)
Transition impact of IFRS 9	-	-	-	-	-	-	-	(738)	(738)	-	(738)
Offset of losses	(270,411)	(101,262)	-	-	-	-	-	371,673	-	-	-
Transfer to regulatory reserve (note 14)	-	-	-	-	-	-	1,074	(1,074)	-	-	-
At 30 June 2023 (unaudited)	939,589	2,815	20,753	(167,746)	(27,918)	(35,972)	4,391	(5,307)	731,465	74,340	805,805

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-months period ended 30 June 2024 (unaudited)

		<i>Six-month period ended (unaudited)</i>	
	Notes	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)
OPERATING ACTIVITIES			
Profit before tax		28,278	21,222
Adjustments for:			
Depreciation on property and equipment		1,470	1,810
Depreciation on right of use assets		1,014	710
Amortisation of intangible assets		878	870
Share of profit from associate	8	(1,179)	(1,964)
Unrealised gain on investment	9	(177)	(20,370)
Allowance for expected credit losses		2,133	-
Operating cash flows before changes in operating assets and liabilities		32,417	2,278
Decrease in deposits with takaful and retakaful companies		282	295
Changes in takaful contract assets		(1,855)	(27,122)
Change in retakaful contract assets		(115,091)	(889)
Changes in takaful contract liabilities		164,982	25,252
Change in retakaful contract liabilities		(27,901)	6,691
Change in other assets and receivables		37,364	(1,087)
Change in family reserves		5,961	9,045
Change in other payables		(35,698)	(12,313)
Income tax paid		(7,744)	(8,962)
Net foreign exchange difference		(40,062)	(17,025)
Net cash generated from / (used in) operating activities		12,655	(23,837)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment - net		(1,274)	(1,810)
Purchase of intangible assets – net		(59)	(870)
Net movement in statutory deposits		23,325	6,909
Repayment of principal and interest on lease liability		(1,218)	(4,933)
Dividend income from associate		-	1,232
Change in Investments - net		1,225	9,185
Net movement in Participants' investments in unit-linked contracts		(21,962)	(34,755)
Change in term deposits under lien		(7)	2,828
Cash from / (used in) investing activities		30	(22,214)
CASH FLOWS FROM FINANCING ACTIVITY			
Net movement in non-controlling interest		317	-
Cash used in financing activity		317	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		13,002	(46,051)
Cash and cash equivalents at 1 January		125,080	124,457
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 16)		138,082	78,406

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (unaudited)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Islamic Arab Insurance Co. (Salama) PJSC ("the Company") is a public shareholding company, registered in the Emirate of Dubai, United Arab Emirates (UAE) and operates through various branches in the UAE. The registered office of the Company is P.O. Box 10214, Dubai, United Arab Emirates. The Company's shares are listed on the Dubai Financial Market (DFM), United Arab Emirates

The principal activity of the Company is the writing of all classes of general takaful and family takaful business, in accordance with Islamic Shari'ah principles and in accordance with the relevant Articles of the Company, UAE Federal Decree Law No. (32) of 2021 for commercial companies and U.A.E. Federal Law No. 48 of 2023, concerning regulations of insurance activities.

The Company and its subsidiaries are referred to as "the Group". Tariic Holding B.S.C (Tariic), a subsidiary of the Company, is an intermediate holding company in Bahrain and no commercial activities are carried out in the Kingdom of Bahrain. The Group has the following principal subsidiaries which are engaged in insurance and reinsurance under Islamic Shari'ah principles:

Subsidiaries	Principal activities	Group’s ownership		Country of Incorporation
		2024	2023	
<i>Directly owned</i>				
Tariic Holding Company B.S.C	No takaful operations	99.40%	99.40%	Kingdom of Bahrain
Misr Emirates Takaful Life Insurance Co.	Family Takaful	85.19%	85.19%	Egypt
Salama Immobilier	No takaful operations	84.25%	84.25%	Senegal
Salama Takaful Insurance – Egypt (formerly “Egyptian Saudi Insurance House”)	General Takaful	51.15%	51.15%	Egypt
<i>Through Tariic</i>				
Salama Assurances Algeria	General Takaful	96.98%	96.98%	Algeria

2 NEW STANDARDS AND INTERPRETATIONS

New and revised IFRS adopted in the interim condensed consolidated financial statements

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

3 BASIS OF PREPARATION

a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Management consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

3 BASIS OF PREPARATION (continued)

b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following which are measured at fair value:

- i) Financial assets at fair value through other comprehensive income ("FVOCI"); and
- ii) Financial assets at fair value through profit or loss ("FVTPL").

c) Functional and presentation currency

These interim condensed consolidated financial statements are presented in U.A.E. Dirhams ("AED") rounded to the nearest thousand, since that is the currency in which the majority of the Group's transactions are denominated.

d) Use of estimates and judgments

The preparation of interim condensed consolidated financial statements is in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and estimation of key sources of uncertainty were the same as those that applied to the audited annual consolidated financial statements as at and for the year ended 31 December 2023.

e) Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the Group's consolidated financial statements from the date that control commences until the date that control ceases. The Group maintains control over the subsidiaries as it has power over the investee, exposure or rights to its variable returns and the power to affect the investor's returns.

Non controlling interest in the equity and results of the entities that are controlled by the Group are shown separately as a part of consolidated statements of changes in equity in the Group's consolidated financial statements. Any contribution or discounts on subsequent acquisition, after control is obtained, of equity instruments from (or sale of equity instruments to) non controlling interest is recognised directly in consolidated statement of changes in equity.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

5 TAKAFUL AND FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of takaful and financial risks: underwriting risk, market risk (which includes foreign currency risk, profit rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements does not include all takaful and financial risk management information and disclosures required in the annual consolidated financial statements; therefore, they should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended 31 December 2023. There have been no changes in the risk management department or in any risk management policies since the year end.

6 INTERIM MEASUREMENT

The nature of the Group's business is such that income and expense are incurred in a manner, which is not materially impacted by any form of seasonality. These interim condensed consolidated financial statements were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the period. However, the results may not represent a proportionate share of the annual profits due to variability in contributions and investment income and uncertainty of claims occurrences.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (unaudited)

7 INVESTMENT PROPERTIES

The geographic dispersion of investment properties is as follows.

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Within UAE	12,600	12,600
Outside UAE	128,034	132,776
	140,634	145,376

The variations in the value of investment properties are due to change in foreign exchange rates resulting in translation impact on investment properties held in foreign locations. The Group has an investment property in Kingdom of Saudi Arabia with carrying amount of AED 84,957 thousand (2023: AED 84,957 thousand) which is subject to an ongoing legal case as described in note 18.

The fair value of plots of land was determined based on the acceptable approach that reflects recent transaction prices for similar properties. The fair value of buildings was determined using investment method. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The Group's investment properties portfolio is being managed and maintained by a third party; administrative costs and the rental income received from these properties are being set off with the administrative fees.

Movement during the period/year is as follows;

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Balance at 1 January	145,376	143,776
Unrealized gain on investment properties	-	3,599
Currency translation impact	(4,742)	(1,999)
	140,634	145,376

8 INVESTMENT IN ASSOCIATE

The associate company engages in several Takaful activities that complies with Islamic regulation including, motor, marine transportation risk, fire insurance, comprehensive householder insurance, engineering and contactor's plant and equipment insurance with accordance with Sharia' Islamic principles and Central Bank of Jordan regulations.

	Ownership		Country	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Associates	2024	2023	of incorporation		
The Islamic Insurance	20%	20%	Jordan	36,423	35,352

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (unaudited)
Movement during the period		
Balance at 1 January	35,352	35,188
Share of profit from associate	1,179	1,805
Dividend received	-	1,230
Share of other comprehensive loss	(108)	(411)
	36,423	35,352

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (unaudited)

9 INVESTMENTS

	<i>30 June 2024 (unaudited)</i>			<i>31 December 2023 (audited)</i>		
	<i>Domestic investment AED'000</i>	<i>International investment AED'000</i>	<i>Total AED'000</i>	<i>Domestic investment AED'000</i>	<i>International investment AED'000</i>	<i>Total AED'000</i>
(a) Financial assets at fair value through profit or loss						
Shares and securities	-	500	500	-	323	323
(b) Fair Value through other comprehensive Income						
Mutual fund and externally managed portfolios	-	84,173	84,173	-	85,513	85,513
Shares and securities	-	960	960	-	967	967
Less: allowance for expected credit losses	-	(2,020)	(2,020)	-	(2,020)	(2,020)
	-	83,113	83,113	-	84,460	84,460
(c) At amortized cost						
Sukuk and Government bonds	515	80,315	80,830	515	82,524	83,039
Wakalah certificates	54,094	-	54,094	54,094	-	54,094
Other Mudariba investments	-	65,738	65,738	-	65,738	65,738
Islamic placements	-	173,880	173,880	-	167,112	167,112
Less: allowance for expected credit losses	(54,609)	(6,855)	(61,464)	(54,609)	(6,095)	(60,704)
	-	313,078	313,078	-	309,279	309,279
	-	396,691	396,691	-	394,062	394,062
Quoted	-	500	500	-	323	323
Unquoted	-	396,191	396,191	-	393,739	393,739
	-	396,691	396,691	-	394,062	394,062

9 INVESTMENTS (continued)

The following investments are subject to an ongoing legal case as described in note 18:

- Investment held at fair value through other comprehensive income amounting to AED 58,244 thousand (2023: AED 58,244 thousand); and
- Investments at amortised cost of AED 111,627 thousand (2023: AED 111,627 thousand).

9.1 Participants' investments in unit-linked contracts

	<i>30 June 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>
Financial asset at fair value through P&L	<u>2,042,845</u>	<u>2,020,883</u>

9.2 Determining fair values

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized. Since the fair value of the Investments at amortised cost is a reasonable approximation of fair value hence the same has not been disclosed here.

30 June 2024 (unaudited)

	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Financial assets				
Fair value through profit or loss				
Shares and securities	500	-	-	500
Unit Linked investments	-	2,042,845	-	2,042,845
	<u>500</u>	<u>2,042,845</u>	<u>-</u>	<u>2,043,345</u>
Fair value through other comprehensive income				
Mutual fund	-	-	84,173	84,173
Shares and securities	-	960	-	960
Less: provision for credit losses	-	-	(2,020)	(2,020)
	<u>-</u>	<u>960</u>	<u>82,153</u>	<u>83,113</u>
Non-financial assets				
Investment properties	-	-	140,634	140,634

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As at 30 June 2024 (unaudited)

9 INVESTMENTS (continued)

9.2 Determining fair values (continued)

As at 31 December 2023 (audited)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets				
Financial asset at fair value through profit or loss				
Shares and securities	323	-	-	323
Unit Linked investments	-	2,020,883	-	2,020,883
	<u>323</u>	<u>2,020,883</u>	<u>-</u>	<u>2,021,206</u>
Financial asset at fair value through OCI				
Mutual fund	-	-	85,513	85,513
Shares and securities	-	967	-	967
Less: provision for credit losses	-	-	(2,020)	(2,020)
	<u>-</u>	<u>967</u>	<u>83,493</u>	<u>84,460</u>
Non-financial assets				
Investment properties	-	-	145,376	145,376
	<u>-</u>	<u>-</u>	<u>145,376</u>	<u>145,376</u>

9.3 Investment income

	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)
<i>Policyholders' income</i>		
Unrealised gain on unit-linked portfolio	97,405	128,526
Income from bank deposits	25	44
	<u>97,430</u>	<u>128,570</u>
<i>Shareholders' income</i>		
Unrealised gain on investment at FVTPL	177	6,662
Realised gain on investment	1,767	20,370
Income on deposits and wakala certificates	21,343	17,613
Share of profit from associate (note 8)	1,179	1,964
Others	450	405
	<u>24,916</u>	<u>47,014</u>
	<u>122,436</u>	<u>175,584</u>

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As at 30 June 2024 (unaudited)

10 RELATED PARTY TRANSACTIONS

The Group, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24. The Group's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties. Following are the details of significant transactions with related parties.

	<i>Six-month period ended 30 June (unaudited)</i>		<i>Three-month period ended 30 June (unaudited)</i>	
	<i>2024 AED'000</i>	<i>2023 AED'000</i>	<i>2024 AED'000</i>	<i>2023 AED'000</i>
Investment Expenses	<u>1,119</u>	<u>1,070</u>	<u>127</u>	<u>1,070</u>
Compensation of key management personnel				
Short term benefits	3,756	2,056	1,893	725
Employees end of service benefits	<u>23</u>	<u>37</u>	<u>12</u>	<u>20</u>
	<u>3,779</u>	<u>2,093</u>	<u>1,905</u>	<u>745</u>
Directors' remuneration	<u>1,377</u>	<u>2,377</u>	<u>1,377</u>	<u>2,377</u>

In the annual general assembly meeting held on 25 April 2024, the shareholders have approved the Directors' remuneration of AED 1,377 thousand for the year ended 31 December 2023.

Balances with related parties

	<i>30 June 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>
Investments held-to-maturity Wakalah certificates*	<u>56,456</u>	<u>56,456</u>
Participants' investments in unit-linked contracts	<u>1,165,390</u>	<u>1,174,302</u>
Other assets and receivables*	<u>30,944</u>	<u>44,764</u>

* Group has recorded 100% expected credit losses i.e. AED 56,456 thousand against investments held with a related party and AED 16,759 thousand (2023: 14,873 thousand) against profit receivable on investment from the same party.

11 SHARE CAPITAL

	<i>30 June 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>
<i>Issued and fully paid</i> (939,589 thousand (2023: 939,589 thousand) ordinary shares of AED 1 each)	<u>939,589</u>	<u>939,589</u>

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As at 30 June 2024 (unaudited)

12 TREASURY SHARES

In 2008, the Company bought back 21,669,790 shares amounting to AED 35.97 million. The treasury shares are debited as a separate category of shareholders' equity at cost. During the prior year ended 31 December 2023 due to the cancellation of share capital the number of treasury shares were reduced to 16,830,489 ordinary shares.

13 STATUTORY RESERVES

In accordance with Article 239 of the U.A.E. Federal Law No. (32) of 2021 and the Articles of Association of the Company, 10% of the net profit is required to be transferred to a non-distributable statutory reserve at each year end until this reserve equals 50% of the paid-up share capital. This reserve is not available for distribution other than in circumstances stipulated by law.

14 OTHER RESERVES

Other reserves includes following:

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Revaluation reserve	34,118	34,118
Foreign exchange translation reserve (note 14.1)	(186,048)	(163,767)
Investment fair value reserve	(30,568)	(30,397)
Regulatory reserve – UAE operations	6,573	5,513
	(175,925)	(154,533)

14.1 Devaluation of currency

The Group owns two subsidiaries operating in Egypt and their functional currency is Egyptian Pound EGP. The significant devaluation of the Egyptian currency during the period has impacted the Group's interim condensed consolidated financial statements. Group recorded a loss AED 40,062 thousand in the consolidated statement of changes in equity related to translation of foreign operations into functional currency (AED). Out of total AED 40,062 thousand, amount of AED 38,372 thousand pertains to the translation impact from Egyptian Subsidiaries.

Furthermore, this currency devaluation has adversely affected the calculation of revenue, expenses, and profitability of the reporting entities in terms of AED as reflected in interim consolidated statement of profit or loss and other comprehensive income.

15 BASIC AND DILUTED EARNINGS PER SHARE

	Six-month period ended 30 June (unaudited)		Three-month period ended 30 June (unaudited)	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Profit/(loss) for the period attributable to shareholders (AED'000)	10,801	(880)	685	(5,020)
Number of shares (in thousands)	922,759	1,043,073	922,759	922,759
Basic and diluted earnings / (loss) per share (AED)	0.012	(0.001)	0.001	(0.005)

Basic earnings per share are calculated by dividing the profit for the period by the number of weighted average shares outstanding at the end of the reporting period after taking into account the treasury shares held. Diluted earnings per share is equivalent to basic earnings per share as the Group did not issue any new instrument that would impact earnings per share when executed.

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16 CASH AND CASH EQUIVALENTS

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)	30 June 2023 AED'000 (unaudited)
Cash in hand	46	30	40
Cash at bank	147,769	134,788	71,684
Term deposits	11,014	11,014	12,842
Less: provision for expected credit losses	(1,653)	(1,653)	-
	157,176	144,179	84,566
Less: term deposits under lien	(8,713)	(8,718)	(6,160)
Less: term deposits with maturity after six months	(10,381)	(10,381)	-
	138,082	125,080	78,406

17 OTHER ASSETS AND RECEIVABLES

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Profit receivable	22,860	23,728
Receivable against sales of investments	14,327	52,108
Deferred tax (note 24)	5,166	5,200
Others*	50,914	48,222
Less: provision for credit losses	(16,598)	(15,225)
	76,669	114,033

*The other assets and receivables include other receivables amounting to AED 13,821 thousand (2023: AED 13,821 thousand) which was previously subjected to a legal case, and on which the Group has won, and the court has issued performance order and is now under execution against the relevant counter parties. The other assets and receivables also include other receivables amounting to AED 19,818 thousand (2023: AED 19,818 thousand) receivable against sale of investment in Best Re Holding Ltd.

The management believes at this stage that these receivables are recoverable and thus, no provision has been made.

18 COMMITMENTS AND CONTINGENCIES

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Letter of Guarantees in favor of Central Bank of UAE	210,000	210,000
Other letter of guarantees	8,527	5,969
	218,527	215,969

18 COMMITMENTS AND CONTINGENCIES (continued)

Statutory Deposits of AED 260,201 thousand (31 Dec 2023: AED 283,526 thousand) includes deposits amounting to AED 70,000 thousand (31 December 2023: AED 70,000 thousand) which are held as lien by the bank against the abovementioned letter of guarantee issued by bank in favor of the Central Bank of United Arab Emirates ("CBUAE").

Other letter of guarantee was issued during normal course of business against which term deposit of AED 8,713 thousand (2023: 8,718 thousand) which is held as lien by the bank.

Ongoing legal case

The Group's total assets includes Investment property with a carrying amount of AED 84,957 thousand (2023: AED 84,957 thousand) (note 7), Investment at fair value through other comprehensive income of AED 58,244 thousand (2023: AED 58,244 thousand) and investments held at amortised cost of AED 111,627 thousand (2023: AED 111,627 thousand) (note 9); and Other receivables with a carrying amount of AED 33,639 thousand (2023: AED 33,639 thousand) (note 17). Aforementioned assets are under dispute due to litigation between the Group and a Bank (previously a related party).

Group has initiated legal actions, including civil and criminal cases at Dubai Courts, to safeguard rights and reclaim contested assets. Additionally, Group is pursuing legal measures in other jurisdictions against the parties implicated in the criminal case. Legal consultants of the Group express confidence in Group's strong legal position in these disputes, based on the progress of actions taken to date, the positive legal rulings obtained, and those currently in progress.

The Group is exposed to certain claims and litigations, these are subject to legal cases filed by policyholders, cedants and retakaful operators in connection with policies issued. The management believes, based on independent legal counsel opinions that the ascertainment of liabilities and its timing is highly subjective and dependent on outcomes of court's decisions. Furthermore, as per independent legal counsel, the Group has strong grounds to defend the suits successfully. Accordingly, no additional provision for these claims has been made in the interim condensed consolidated financial statements. However, a provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Group in terms of an outflow of economic resources and a reliable estimate of the amount of outflow can be made.

There are no significant capital commitments as of 30 June 2024 (2023: nil).

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19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES

Reconciliation of the Takaful liability for remaining coverage (LRC) & liability for incurred claims for takaful contracts (LIC) as on 30 June 2024 (unaudited)

Amount in AED'000	Liability for remaining coverage			Liability for incurred claims (PAA)		Total
	Excluding loss component	Loss component	LIC for contracts not under under PAA	Present value of future cash flows	Risk adjustment for non-financial risk	
Takaful contracts that are liabilities at beginning of period	(1,972,381)	(10,137)	(118,436)	(425,538)	(16,936)	(2,543,428)
Takaful contracts that are assets at beginning of period	6,801	-	-	-	-	6,801
Takaful contracts liabilities at beginning of period	(1,965,580)	(10,137)	(118,436)	(425,538)	(16,936)	(2,536,627)
Takaful revenue	528,587	-	-	-	-	528,587
Incurred claims and other directly attributable expenses	-	(2,111)	(22,646)	(418,569)	(10,550)	(453,876)
Changes that relate to past service - changes in the FCF relating to LIC	-	-	-	5,644	6,808	12,452
Losses on onerous contracts and reversals of those losses	-	(9,230)	-	-	-	(9,230)
Takaful acquisition cash flows amortisations	(93,495)	-	-	-	-	(93,495)
Takaful service expenses	(93,495)	(11,341)	(22,646)	(412,925)	(3,742)	(544,149)
Takaful service result	435,092	(11,341)	(22,646)	(412,925)	(3,742)	(15,562)
Finance expense from takaful contracts issued recognised	(84,747)	(57)	(1,694)	(11,011)	(478)	(97,987)
Forex adjustment to comprehensive income	14,194	473	-	24,016	781	39,464
Total amounts recognised in profit or loss and other comprehensive income	364,539	(10,925)	(24,340)	(399,920)	(3,439)	(74,085)
Investment component	243,041	-	(243,041)	-	-	-
<i>Cash flows</i>						
Contribution received	(811,948)	-	-	-	-	(811,948)
Claims and other directly attributable expenses paid	-	-	273,633	314,460	-	588,093
Takaful acquisition cash flows	134,813	-	-	-	-	134,813
Total cash flows	(677,135)	-	273,633	314,460	-	(89,042)
Takaful contracts liabilities at end of period	(2,035,135)	(21,062)	(112,184)	(510,998)	(20,375)	(2,699,754)
Takaful contracts that are liabilities at end of period	(2,043,791)	(21,062)	(112,184)	(510,998)	(20,375)	(2,708,410)
Takaful contracts that are assets at end of period	8,656	-	-	-	-	8,656
Takaful contract net position at end of period	(2,035,135)	(21,062)	(112,184)	(510,998)	(20,375)	(2,699,754)

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19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the retakaful asset for remaining coverage (ARC) & asset for incurred claims for takaful contracts (AIC) as on 30 June 2024 (unaudited)

Amount in AED'000	Remaining Coverage		LIC for contracts not under under PAA	Incurred claims		Total
	Excluding loss component	Loss recovery component		Present value of future cash flows	Risk adjustment for non- financial risk	
Reinsurance contracts held that are liabilities at beginning of period	(162,050)	-	-	-	-	(162,050)
Retakaful contracts held that are assets at beginning of period	13,049	1,455	68,505	255,218	10,235	348,462
Retakaful contract net position at beginning of period	(149,001)	1,455	68,505	255,218	10,235	186,412
Retakaful expenses	(197,883)	-	-	-	-	(197,883)
Incurred claims recovery	-	-	8,424	227,944	7,079	243,447
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	-	(5,243)	(3,689)	(8,932)
Income on initial recognition of onerous underlying contracts	-	(246)	-	-	-	(246)
Reversal of a loss-recovery component other than changes in the FCF of retakaful contracts held	162	(761)	-	-	-	(599)
Effect of changes in risk of reinsurers' non-performance	-	-	(255)	(800)	-	(1,055)
Net income/(expenses) from retakaful contracts held	(197,721)	(1,007)	8,169	221,901	3,390	34,732
Finance income from retakaful contracts held	(8,813)	-	1,154	6,738	320	(601)
Forex adjustment to comprehensive income	(4,038)	(179)	-	(9,172)	(440)	(13,829)
Total amounts recognised in profit or loss and other comprehensive income	(210,572)	(1,186)	9,323	219,467	3,270	20,302
<i>Cash flows</i>						
Contribution paid net of ceding commissions and other directly attributable expenses	263,374	-	-	-	-	263,374
Recoveries from retakaful	-	-	(17,881)	(122,803)	-	(140,684)
Total cash flows	263,374	-	(17,881)	(122,803)	-	122,690
Retakaful contracts held assets/ (liabilities) at end of period	(96,199)	269	59,947	351,882	13,505	329,404
Retakaful contracts held that are liabilities at end of period	(134,149)	-	-	-	-	(134,149)
Retakaful contracts held that are assets at end of period	37,950	269	59,947	351,882	13,505	463,553
Retakaful contract net position at end of period	(96,199)	269	59,947	351,882	13,505	329,404

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19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the Takaful liability of remaining coverage (LRC) & liability for incurred claims for insurance contracts (LIC) as on 31 December 2023 (audited)

Amount in AED'000	<i>Liability for remaining coverage</i>		<i>Liability for incurred claims (PAA)</i>			<i>Total</i>
	<i>Excluding loss component</i>	<i>Loss component</i>	<i>LIC for contracts not under PAA</i>	<i>Present value of future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
Takaful contracts that are liabilities at beginning of year	(1,873,636)	(3,298)	(119,778)	(356,322)	(13,326)	(2,366,360)
Takaful contracts that are assets at beginning of year	-	-	-	-	-	-
Takaful contracts liabilities at beginning of year	(1,873,636)	(3,298)	(119,778)	(356,322)	(13,326)	(2,366,360)
Takaful revenue	1,111,005	-	-	-	-	1,111,005
Incurred claims and other directly attributable expenses	-	-	(70,103)	(728,159)	(8,407)	(806,669)
Changes that relate to past service - changes in the FCF relating to LIC	-	-	-	(3,312)	5,180	1,868
Losses on onerous contracts and reversals of those losses	-	(6,844)	-	-	-	(6,844)
Insurance acquisition cash flows amortisations	(197,351)	-	-	-	-	(197,351)
Takaful service expenses	(197,351)	(6,844)	(70,103)	(731,471)	(3,227)	(1,008,996)
Takaful service result	913,654	(6,844)	(70,103)	(731,471)	(3,227)	102,009
Finance expense from insurance contracts issued recognised	(203,471)	-	(3,922)	(20,318)	(775)	(228,486)
Forex adjustment to comprehensive income	(2,030)	4	-	14,944	392	13,311
Total amounts recognised in profit or loss and other comprehensive income	708,153	(6,839)	(74,025)	(736,844)	(3,611)	(113,166)
Investment component	440,796	-	(440,796)	-	-	-
Premium received	(1,460,159)	-	-	-	-	(1,460,159)
Claims and other directly attributable expenses paid	-	-	516,163	667,629	-	1,183,792
Insurance acquisition cash flows	219,265	-	-	-	-	219,265
Total cash flows	(1,240,894)	-	516,163	667,629	-	(57,102)
Takaful contracts liabilities at end of year	(1,965,580)	(10,137)	(118,436)	(425,538)	(16,936)	(2,536,627)
Takaful contracts that are liabilities at end of year	(1,972,381)	(10,137)	(118,436)	(425,538)	(16,936)	(2,543,428)
Takaful contracts that are assets at end of year	6,801	-	-	-	-	6,801
Takaful contract net position at end of year	(1,965,580)	(10,137)	(118,436)	(425,538)	(16,936)	(2,536,627)

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19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the retakaful asset for remaining coverage (ARC) & asset for incurred claims for insurance contracts (AIC) as on 31 December 2023 (audited)

Amount in AED'000	Remaining Coverage		LIC for contracts not under under PAA	Incurred claims		Total
	Excluding loss component	Loss recovery component		Present value of future cash flows	Risk adjustment for non- financial risk	
Retakaful contracts held that are liabilities at beginning of year	(185,201)	-	-	-	-	(185,201)
Retakaful contracts held that are assets at beginning of year	25,510	1,466	59,072	188,276	7,522	281,846
Retakaful contract net position at beginning of year	(159,691)	1,466	59,072	188,276	7,522	96,645
Retakaful expenses	(376,567)	-	-	-	-	(376,567)
Amortisation of Insurance acquisition cash flows-	-	-	-	-	-	-
Incurred claims recovery	-	-	21,310	266,650	4,513	292,472
Changes that relate to past service-changes in the FCF relating to incurred claims recovery-	-	-	-	30,702	(2,106)	28,597
Income on initial recognition of onerous underlying contracts	-	1,437	-	-	-	1,437
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	(1,449)	-	-	-	(1,449)
Effect of changes in risk of reinsurers' non-performance	-	-	(388)	14	-	(374)
Net income/(expenses) from reinsurance contracts held	(376,567)	(13)	20,922	297,366	2,407	(55,885)
Finance income from reinsurance contracts held	(6,790)	-	1,114	11,845	560	6,729
Forex adjustment to comprehensive income	(1,421)	2	-	(5,086)	(255)	(6,759)
Total amounts recognised in profit or loss and Other comprehensive income	(384,778)	(10)	22,036	304,125	2,713	(55,915)
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses	395,469	-	-	-	-	395,469
Recoveries from retakaful	-	-	(12,603)	(237,183)	-	(249,786)
Total cash flows	395,469	-	(12,603)	(237,183)	-	145,683
Retakaful contracts held assets/ (liabilities) at end of year	(149,000)	1,455	68,505	255,218	10,235	186,413
Retakaful contracts held that are liabilities at end of year	(162,050)	-	-	-	-	(162,050)
Retakaful contracts held that are assets at end of year	13,049	1,455	68,505	255,218	10,235	348,462
Reinsurance contract net position at end of year	(149,000)	1,455	68,505	255,218	10,235	186,413

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19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Takaful Contract Liabilities reconciliation of the best estimate liability, risk adjustment and contractual service margin as at 30 June 2024 (unaudited)

	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Opening takaful contract assets	-	-	-	-
Opening takaful contract liabilities	(1,579,229)	(43,722)	(438,733)	(2,061,684)
Takaful contracts liabilities at beginning of period	(1,579,229)	(43,722)	(438,733)	(2,061,684)
Changes related to current services				
CSM recognized in profit or loss	-	-	26,405	26,405
Risk Adjustment recognized in profit or loss	-	9,715	-	9,715
Experience adjustments	8,946	178	-	9,124
Changes related to future services				
Contracts initially recognized in the period	5,811	(686)	(5,639)	(514)
Changes in estimates that adjust CSM	(67,279)	(5,598)	72,877	-
Changes in estimates that result in onerous contracts or reversal of losses	(9,391)	-	-	(9,391)
Takaful finance expenses through profit or loss	(6,667)	(2,664)	(77,166)	(86,497)
Takaful finance expenses through OCI	6,328	924	4,676	11,928
Total changes in statement of profit or loss and OCI	(62,252)	1,869	21,153	(39,230)
Contribution received	(268,935)	-	-	(268,935)
Claims paid	273,633	-	-	273,633
Acquisition cost paid	7,654	-	-	7,654
Total cash flows	12,352	-	-	12,352
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	(1,629,129)	(41,853)	(417,580)	(2,088,562)
Takaful contract net position at end of period	(1,629,129)	(41,853)	(417,580)	(2,088,562)

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (unaudited)

19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Reinsurance Contract Assets reconciliation of the best estimate liability, risk adjustment and contractual service margin (non PAA) as at 30 June 2024 (unaudited)

	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Opening retakaful contract assets	-	-	-	-
Opening retakaful contract liabilities	(159,600)	37,277	33,606	(88,717)
Retakaful contracts held assets/(liabilities) at beginning of period	(159,600)	37,277	33,606	(88,717)
Changes related to current services				
CSM recognized in profit or loss	-	-	(1,789)	(1,789)
Risk Adjustment recognized in profit or loss	-	(2,222)	-	(2,222)
Experience adjustments	(6,526)	-	-	(6,526)
Contracts initially recognized in the period	-	-	514	514
Changes in estimates that adjust CSM	2,193	(446)	(1,746)	-
Changes in the FCF that do not adjust the CSM for the group of underlying takaful contracts	-	-	(352)	(352)
Effect of changes in the risk of retakaful non-performance	(255)	-	-	(255)
Takaful finance expenses through profit or loss	(11,500)	2,276	1,565	(7,659)
Takaful finance expenses through OCI	(7,783)	(4,517)	10,974	(1,326)
Total changes in statement of profit or loss and OCI	(23,871)	(4,909)	9,166	(19,614)
Contribution paid to retakaful net of commission	52,053	-	-	52,053
Recoveries from retakaful	(17,881)	-	-	(17,881)
Total cash flows	34,172	-	-	34,172
Closing retakaful contract assets	53,451	5,800	738	59,989
Closing retakaful contract liabilities	(202,751)	26,568	42,034	(134,149)
Retakaful contract net position at end of period	(149,299)	32,368	42,772	(74,160)

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (unaudited)

19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Takaful Contract Liabilities reconciliation of the best estimate liability, risk adjustment and contractual service margin as at 31 December 2023 (audited)

	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Amounts in AED'000				
Opening takaful contract assets	337,544	(25,714)	(320,779)	(8,948)
Opening takaful contract liabilities	(1,729,481)	(24,560)	(206,910)	(1,960,951)
Takaful contracts liabilities at beginning of year	(1,391,936)	(50,274)	(527,689)	(1,969,899)
Changes related to current services				
CSM recognized in profit and loss	-	-	65,935	65,935
Risk Adjustment recognized in profit and loss	-	8,137	-	8,137
Experience adjustments	7,355	(1,721)	-	5,634
Changes related to future services				
Contracts initially recognized in the period	7,162	(552)	(6,678)	(67)
Changes in estimates that adjust CSM	(180,460)	3,145	177,314	-
Changes in estimates that result in onerous contracts or reversal of losses	(3,244)	-	-	(3,244)
Takaful finance expenses through profit and loss	(56,988)	(2,789)	(147,615)	(207,393)
Takaful finance expenses through OCI	-	332	-	332
Total changes in statement of profit or loss and OCI	(226,175)	6,552	88,956	(130,667)
Premiums received	(506,195)	-	-	(506,195)
Claims paid	509,277	-	-	509,277
Directly attributable expenses paid	2,195	-	-	2,195
Acquisition cost paid	33,606	-	-	33,606
Total cash flows	38,883	-	-	38,883
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	(1,579,229)	(43,722)	(438,733)	(2,061,684)
Takaful contract net position at end of year	(1,579,229)	(43,722)	(438,733)	(2,061,684)

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (unaudited)

19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Retakaful Contract Assets reconciliation of the best estimate liability, risk adjustment and contractual service margin (non PAA) as at 31 December 2023 (audited)

Amounts in AED'000	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Opening retakaful contract assets	56,817	2,256	-	59,073
Opening retakaful contract liabilities	(236,045)	29,628	43,056	(163,361)
Retakaful contracts held assets/(liabilities) at beginning of year	(179,228)	31,884	43,056	(104,288)
Changes related to current services				
CSM recognized in profit or loss	-	-	(3,717)	(3,717)
Risk Adjustment recognized in profit or loss	-	(1,105)	-	(1,105)
Experience adjustments	(14,928)	-	-	(14,928)
Changes in estimates that adjust CSM	4,028	4,557	(8,620)	(35)
Effect of changes in the risk of reinsurers non-performance	(388)	-	-	(388)
Insurance finance expenses through profit or loss	(10,504)	1,941	2,887	(5,676)
Total changes in statement of profit or loss and OCI	(21,793)	5,393	(9,450)	(25,849)
Contribution paid to retakaful net of commission	54,024	-	-	54,024
Recoveries from retakaful	(12,603)	-	-	(12,603)
Total cash flows	41,421	-	-	41,421
Closing retakaful contract assets	68,794	10,120	(10,409)	68,505
Closing retakaful contract liabilities	(228,394)	27,157	44,015	(157,222)
Retakaful contract net position at end of year	(159,600)	37,277	33,606	(88,717)

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (unaudited)

20 OPERATING SEGMENT

For operating purposes, the Group is organised into two main business segments:

- Underwriting of general takaful business incorporating all classes of general takaful including fire, marine, motor, general accident, engineering, medical. This business is conducted in the UAE, Egypt and Algeria.
- Underwriting of life takaful business incorporating individual and group life takaful. This business is conducted in UAE and Egypt.

Interim Consolidated statement of profit or loss by business

	<i>Six-month period ended 30 June 2024 (unaudited)</i>			<i>Three-months period ended 30 June 2024 (unaudited)</i>		
	<i>General Takaful AED'000</i>	<i>Family takaful AED'000</i>	<i>Total AED'000</i>	<i>General Takaful AED'000</i>	<i>Family takaful AED'000</i>	<i>Total AED'000</i>
Takaful revenue	416,821	111,766	528,587	201,335	55,778	257,113
Takaful service expenses	(483,244)	(60,905)	(544,149)	(266,380)	(24,287)	(290,667)
Net expenses from retakaful contracts held	55,434	(20,702)	34,732	64,908	(14,695)	50,213
TAKAFUL SERVICE RESULT	(10,989)	30,159	19,170	(137)	16,796	16,659
Investment and other income			143,027			34,043
Net takaful expenses			(98,588)			(31,253)
Other operational expenses and tax			(43,075)			(16,496)
Profit after tax			20,534			2,953

	<i>Six-month period ended 30 June 2023 (unaudited)</i>			<i>Three-month period ended 30 June 2023 (unaudited)</i>		
	<i>General Takaful AED'000</i>	<i>Family takaful AED'000</i>	<i>Total AED'000</i>	<i>General Takaful AED'000</i>	<i>Family takaful AED'000</i>	<i>Total AED'000</i>
Takaful revenue	429,512	114,665	544,177	217,774	61,165	278,939
Takaful service expenses	(414,853)	(50,434)	(465,287)	(212,268)	(27,745)	(240,013)
Net expenses from retakaful contracts held	(25,296)	(20,727)	(46,023)	(18,468)	(9,457)	(27,925)
TAKAFUL SERVICE RESULT	(10,637)	43,504	32,867	(12,962)	23,963	11,001
Investment and other income			181,070			108,304
Net takaful finance expenses			(139,075)			(76,044)
Other operational expenses and tax			(62,602)			(39,038)
Profit after tax			12,260			4,223

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (unaudited)

20 OPERATING SEGMENT (continued)

By geography

	<i>Six-month period ended 30 June 2024 (unaudited)</i>			<i>Three-month period ended 30 June 2024 (unaudited)</i>		
	<i>Africa AED'000</i>	<i>Asia AED'000</i>	<i>Total AED'000</i>	<i>Africa AED'000</i>	<i>Asia AED'000</i>	<i>Total AED'000</i>
Takaful revenue	100,030	428,557	528,587	47,263	209,850	257,113
Takaful service expenses	(93,813)	(450,336)	(544,149)	(35,847)	(254,820)	(290,667)
Net expenses from retakaful contracts held	(758)	35,490	34,732	4,432	45,781	50,213
TAKAFUL SERVICE RESULT	5,459	13,711	19,170	15,848	811	16,659
Investment and other income			143,027			34,043
Net takaful finance expenses			(98,588)			(31,253)
Other operational expenses and tax			(43,075)			(16,496)
Profit after tax			20,534			2,953
	<i>Six month period ended 30 June 2023 (unaudited)</i>			<i>Three month period ended 30 June 2023 (unaudited)</i>		
	<i>Africa AED'000</i>	<i>Asia AED'000</i>	<i>Total AED'000</i>	<i>Africa AED'000</i>	<i>Asia AED'000</i>	<i>Total AED'000</i>
Takaful revenue	96,522	447,655	544,177	48,168	230,771	278,939
Takaful service expenses	(97,777)	(367,510)	(465,287)	(42,314)	(197,699)	(240,013)
Net expenses from retakaful contracts held	(1,404)	(44,619)	(46,023)	(6,205)	(21,720)	(27,925)
TAKAFUL SERVICE RESULT	(2,659)	35,526	32,867	(351)	11,352	11,001
Investment and other income			181,070			108,304
Net takaful finance expenses			(139,075)			(76,044)
Other operational expenses and tax			(62,602)			(39,038)
Profit after tax			12,260			4,223

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (unaudited)

20 OPERATING SEGMENT (continued)

Interim Consolidated Statement of financial position by business as at 30 June 2024 (unaudited)

	<i>General takaful AED'000 (unaudited)</i>	<i>Family takaful AED'000 (unaudited)</i>	<i>Total AED'000 (unaudited)</i>
Assets			
Property and equipment	44,671	1,560	46,231
Goodwill and intangibles	67,707	243	67,950
Investment properties	140,634	-	140,634
Right-of-use assets	3,233	133	3,366
Investments in associate	36,423	-	36,423
Statutory deposits	178,016	82,185	260,201
Investments	351,464	45,227	396,691
Participants' investments in unit-linked contracts	-	2,042,845	2,042,845
Deposits with takaful and retakaful companies	692	-	692
Takaful contract assets	8,614	42	8,656
Retakaful contract assets	399,565	63,988	463,553
Other assets and receivables	48,301	28,368	76,669
Bank balances and cash	87,191	69,985	157,176
	<u>1,366,511</u>	<u>2,334,576</u>	<u>3,701,087</u>
Liabilities and equity			
Technical reserves	-	83,121	83,121
Takaful contract liabilities	605,415	2,102,995	2,708,410
Retakaful contract liabilities	-	134,149	134,149
Other payables and accruals	27,878	107,601	135,479
Lease liabilities	3,344	133	3,477
	<u>636,637</u>	<u>2,427,999</u>	<u>3,064,636</u>
Total liabilities	636,637	2,427,999	3,064,636
Total equity – (i)	729,874	(93,423)	636,451
	<u>1,366,511</u>	<u>2,334,576</u>	<u>3,701,087</u>
Total Liabilities and equity			
	<u>1,366,511</u>	<u>2,334,576</u>	<u>3,701,087</u>
Total equity – (i)			
Equity attributable to the owners of the Company			574,947
Non-controlling interest			61,504
			<u>636,451</u>

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (unaudited)

20 OPERATING SEGMENT (continued)

Consolidated Statement of financial position by business as at 31 December 2023 (audited)

	<i>General takaful</i> <i>AED'000</i> <i>(audited)</i>	<i>Family takaful</i> <i>AED'000</i> <i>(audited)</i>	<i>Total</i> <i>AED'000</i> <i>(audited)</i>
Assets			
Property and equipment	45,653	1,729	47,382
Goodwill and intangibles	67,410	606	68,016
Investment properties	145,376	-	145,376
Right-of-use assets	4,223	372	4,595
Investments in associate	35,352	-	35,352
Statutory deposits	191,704	91,822	283,526
Investments	347,584	46,478	394,062
Participants' investments in unit-linked contracts	-	2,020,883	2,020,883
Deposits with takaful and retakaful companies	974	-	974
Takaful contract assets	6,801	-	6,801
Retakaful contract assets	269,639	78,823	348,462
Other assets and receivables	55,900	58,133	114,033
Bank balances and cash	95,857	48,322	144,179
	<u>1,266,473</u>	<u>2,347,168</u>	<u>3,613,641</u>
Liabilities and equity			
Technical reserves	-	77,160	77,160
Takaful contract Liabilities	466,339	2,077,089	2,543,428
Retakaful contract Liabilities	4,828	157,222	162,050
Other payables and accruals	63,952	105,146	169,098
Lease liabilities	4,313	382	4,695
	<u>539,432</u>	<u>2,416,999</u>	<u>2,956,431</u>
Total liabilities	539,432	2,416,999	2,956,431
Total equity – (i)	727,041	(69,831)	657,210
	<u>1,266,473</u>	<u>2,347,168</u>	<u>3,613,641</u>
Total Liabilities and equity			
	<u>1,266,473</u>	<u>2,347,168</u>	<u>3,613,641</u>
Total equity – (i)			
Equity attributable to the owners of the Company			587,975
Non-controlling interest			69,235
			<u>657,210</u>
Total Equity			<u>657,210</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024 (unaudited)

21 CLASSES AND CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below sets out the classification of each class of financial assets and liabilities and their fair values. For instruments carried at amortised cost, management believes that their carrying values approximates to their fair values.

30 June 2024 (unaudited)

	<i>FVTPL AED'000</i>	<i>FVOCI AED'000</i>	<i>Amortised cost AED'000</i>	<i>Total AED'000</i>
Financial assets				
Investments	500	83,113	313,078	396,691
Statutory deposits	-	-	260,201	260,201
Deposits with takaful and retakaful companies	-	-	692	692
Other assets and receivables	-	-	41,808	41,808
Bank balances and cash	-	-	157,176	157,176
	<u>500</u>	<u>83,113</u>	<u>772,955</u>	<u>856,568</u>
Financial liabilities				
Other payables and accruals	-	-	72,638	72,638
Lease liabilities	-	-	3,477	3,477
	<u>-</u>	<u>-</u>	<u>76,115</u>	<u>76,115</u>

31 December 2023 (audited)

	<i>FVTPL AED'000</i>	<i>FVOCI AED'000</i>	<i>Amortised cost AED'000</i>	<i>Total AED'000</i>
Financial assets				
Investments	323	84,460	309,279	394,062
Statutory deposits	-	-	283,526	283,526
Deposits with takaful and retakaful companies	-	-	974	974
Other assets and receivables	-	-	62,179	62,179
Bank balances and cash	-	-	145,807	145,807
	<u>323</u>	<u>84,460</u>	<u>801,765</u>	<u>886,548</u>
Financial liabilities				
Other payables and accruals	-	-	91,226	91,226
Lease liabilities	-	-	4,695	4,695
	<u>-</u>	<u>-</u>	<u>95,921</u>	<u>95,921</u>

22 CAPITAL RISK MANAGEMENT

The solvency regulations identify the required Solvency Margin to be held on consolidated basis in addition to insurance liabilities.

The Solvency Margin (presented in the table below on consolidated basis) must be maintained at all times throughout the year/period. The Group is subject to solvency regulations which it has complied with during the period. The Company has incorporated in its policies and procedures the necessary procedures to ensure continuous and full compliance with such regulations.

The table below summarises the consolidated Minimum Capital Requirement ("MCR"), Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held at the Company level to meet the required Solvency Margins in line with the requirements of the Central Bank of UAE. The Group has disclosed the solvency position as of 30 June 2024 as following:

	30 June 2024 AED'000	31 December 2023 AED'000
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	262,569	277,592
Minimum Guarantee Fund (MGF)	147,283	156,485
Basic Own Funds	7,1865	111,248
Ancillary Own Funds	140,000	140,000
MCR Solvency Margin - surplus/(deficit)	-	11,248
SCR Solvency Margin - surplus/(deficit)	(106,636)	(96,344)
MGF Solvency Margin - surplus/(deficit)	8,650	24,763
Subordinated liabilities (limited)	28,135	-

23 ACQUISITION OF TAKAFUL PORTFOLIO

On 28th December 2022, the Board approved the endorsement made by the Investment Committee regarding the acquisition of the non-life portfolio from Dubai Islamic Insurance and Reinsurance Company – AMAN PJSC (AMAN) of a portion of AMAN's general, motor, medical, and group family Takaful (the Takaful alternative to group life insurance) portfolios. The transaction is currently under review.

24 INCOME TAXES

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group's accounting year ends on 31 December, the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. It is not currently foreseen that the Group's UAE operations will be subject to the application of the Global Minimum Tax rate of 15% in FY2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Group operates and the enactment of Pillar Two rules by the UAE MoF.

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected annual earnings. The Group entities operate in the Egypt and Algeria and are subject to income tax in these countries. Tax charge for UAE operations is AED nil for the six months period ended 30 June 2024.

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As at 30 June 2024 (unaudited)

24 INCOME TAXES (continued)

The component of income tax arising from foreign operations recognised in the consolidated statement of profit or loss is as follows.

	<i>30 June 2024 AED'000 (unaudited)</i>	<i>30 June 2023 AED'000 (unaudited)</i>
Current income tax expense	3,731	2,731
Deferred taxes	4,013	6,231
	<u>7,744</u>	<u>8,962</u>
	<u><u>7,744</u></u>	<u><u>8,962</u></u>
	<i>30 June 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>
Current Tax payable		
As at 1 January	16,038	6,146
Provisions during the period/year	3,731	15,360
Less: payments	-	(5,100)
Exchange differences	(1,846)	(368)
Balance as at the end of the period/year	<u>17,923</u>	<u>16,038</u>
	<u><u>17,923</u></u>	<u><u>16,038</u></u>
Deferred Tax Assets		
As at 1 January	5,200	4,980
Provisions during the period/year	-	100
Exchange differences	(34)	120
Balance as at the end of the period/year	<u>5,166</u>	<u>5,200</u>
	<u><u>5,166</u></u>	<u><u>5,200</u></u>
Deferred Tax Liabilities		
As at 1 January	121	102
Provisions during the period/year	4,013	37
Exchange differences	(43)	(18)
Balance as at the end of the period/year	<u>4,091</u>	<u>121</u>
	<u><u>4,091</u></u>	<u><u>121</u></u>

25 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 14 August 2024.